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KEYNOTE PRESENTATION OF WILLIAM J. CASEY

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to the

INTELLIGENCE PRODUCERS COUNCIL

THIRD WORLD INTELLIGENCE SEMINAR

Department of State

Washington, D.C.

21 October 1982

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I'm very glad to be with this imposing array of talent this morning.

It would be hard to imagine a time when this seminar on the Third World would be more useful or more challenging. All the cultural, political, economic, security and financial troubles which have concerned us so much for so long seem to be about to boil over. Perhaps most visible today is a crisis of confidence in international lending which is drastically curtailing the flow of capital to Less Developed Countries. At a minimum the LDCs will have to make strenuous economic adjustments. At worst these required adjustments may be so severe as to disrupt economic activity and spur a political backlash against Western governments and financial institutions.

Perhaps least visible, we see throughout the Third World the continued influence of tribalism and ethnic cleavages complicating already serious social, political, and economic problems. This provides an additional force for instability within fragile political systems, for conflict between states, and for heightened involvement in the Third World by outside forces such as the Cubans and Soviets. In Africa, for example, continuing ethnic and tribal tensions have been a factor in the recent coup attempt against Kenyan President Moi, have led to an intensification of the border conflict between Ethiopia and Somalia, and are threatening to arrest the encouraging economic development and domestic stability of the new regime in Zimbabwe. In Latin American countries such as Bolivia, Peru, and Ecuador, the failure to incorporate large Indian populations into the mainstream of society has been a fundamental cause of instability. In Guatemala--where about half the population is

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Indian--the Cuban-supported guerrillas are recruiting Indians into their ranks with unprecedented success. I see no likelihood that these fundamental social divisions within Third World societies will go away or diminish in importance.

There are many Third World countries of high geopolitical importance in which political instability or regional tensions are likely to create problems of major consequence for us in the years immediately ahead. Beginning in 1974 and 1975, the Soviet Union undertook a new, much more aggressive strategy in the Third World. They found destabilization, subversion and the backing of insurgents in other countries around the world attractive and relatively risk free. Exploiting the availability first of Cuba and subsequently of other countries to serve as Soviet surrogates or proxies, they have been able to limit the political, economic and military cost of intervention.

In the aftermath of Vietnam, the Soviet Union soon began to test whether the US would resist foreign-provoked and supported instability and insurgency elsewhere in the Third World. Fully aware of the political climate in this country, in the 1970s they developed an aggressive strategy in the Third World. It avoided direct confrontation and instead exploited local and regional circumstances to take maximum advantage of third-country forces (or surrogates) to attain Soviet objectives. This enables Moscow to deny involvement, to label such conflicts as internal, and to warn self-righteously against "outside interference." There is little disagreement among analysts that Soviet and proxy successes in the mid- to late-70s in Angola, Ethiopia, Cambodia, Nicaragua and elsewhere have encouraged the Soviets to rely on the Cubans, Vietnamese and, recently, the Libyans ever more aggressively.

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Over the last several years, the Soviets and their allies have supported, directly or indirectly, radical regimes or insurgencies in more than a dozen countries in every part of the Third World. The United States and its friends have had difficulty countering these insurgencies. It is much easier and much less expensive to support an insurgency than it is for us and our friends to resist one. It takes relatively few people and little support to disrupt the internal peace and economic stability of a small country.

Subversion and insurgency exploit instability. We have established a Center for the Study of Insurgency and Instability which uses a wide range of techniques and methodologies to provide advance warning of instability and potential for destabilization in order to protect us from being caught by surprise as we were in Iran. The small and weak countries in which insurgencies can be fostered and developed to overthrow governments do not need and cannot handle expensive and sophisticated weapons for which virtually all of them clamor. What they need is light arms to defend themselves against externally trained and supported guerrillas, good intelligence, good police methods, good communications, training in small arms and their use in small unit actions, and mobility to keep up with the hit-and-run tactics of guerrilla forces.

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Governments facing civil war cannot achieve economic and social progress until they are able to control internal disruption.

Guerrilla attacks on economic targets impair production, require heavy expenditures for reconstruction and drive new investment away. This results in a deteriorated economy which compounds the economic and social dissatisfaction on which the insurgency feeds and brings in new recruits. Currently in El Salvador

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the guerrillas are aiming at damaging cash crops which, if successful, will further deteriorate that beleaguered country's balance of payments, its reserves and the value of its money. The cash cotton crop depends on small airplanes which fly over the fields to fumigate insects which would otherwise devour the cotton. To kill this year's harvest the guerrillas are knocking these small planes out of the air to make pilots afraid to fly over the cotton fields. Similarly, they are attacking the sugar cane as it moves from the fields to the warehouse and similar attacks are being planned to damage the coffee crop.

In the competition between the Soviet Bloc and the Free World for influence in the Third World, we have passed through a decade in which the Soviets and their proxies have materially enhanced their presence and influence.

You have been provided with this document with its maps showing how the influence of the Soviet Union and its allies has increased in the Third World from 1970 to 1982. The text describes the events resulting in the enhancement of Soviet presence, the resulting Soviet gains and the instruments of Soviet diplomacy and action by which it was achieved. The table under the maps shows for each Third World country the amount of military and economic aid provided, the number of officials, intelligence officers, military and economic technicians present in each country, the number of military and economic trainees from each country studying in the Soviet Union and Eastern Europe and the strength of the local Communist Party. It also lists the terrorist groups and insurgencies operating in Latin America, Sub-Saharan Africa, the Africa, and in East and South Asia.

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We have ready for consideration by the National Foreign Intelligence Board two national estimates, one dealing with the Soviets in the Third World and the other evaluating how instability and regional tensions could impair our interests in the Middle East, the Horn of Africa, southern Africa, Argentina, Turkey, Mexico and Central America, Pakistan, the Philippines and Indonesia.

In the competition for position in the Third World let's look at our assets and liabilities. In retrospect, during the 30 years of US-Soviet competition for Third World influence, the Soviets have enjoyed several advantages:

-- The United States has been linked--however unfairly--to the colonial policies of its West European allies, whereas most Third World countries have had no experience with the USSR as a colonial power.

-- The long-tenured Soviet leaders have displayed considerable continuity in their policies toward Third World countries, in contrast to US policies that have often moved by fits and starts.

-- Moscow has been better able to identify itself with widely held positions in two of the most prominent and volatile issues in the less developed world: self-determination for Palestinian Arabs, and black majority rule in southern Africa.

-- The United States, unlike the USSR, often has been blamed by Third World countries for actions taken by allies not subject to its control.

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-- The centralized, authoritarian political structure of the USSR has been widely seen as a more suitable model by many Third World leaders.

-- The USSR has delivered arms faster, and attached fewer strings to them, than has the United States.

-- Soviet leaders have been much less constrained by parliamentary and public opinion than US leaders, and thus freer to use armed force to support the USSR's clients.

-- Friendship with the USSR often has brought with it tangible assistance from Cuba--which offers a form of military aid unmatched by the West--as well as from the East European states and other Soviet allies.

-- Moscow has been willing to use subversion or military intimidation to pressure Third World countries into cooperating with it.

Nevertheless, the US has offsetting advantages--several of which are likely to become much more important during the coming decade:

-- The colonial era has virtually ended, and the USSR's role in the Third World has reached the point where it must defend its record there as much as the Western powers do.

-- The USSR has mismanaged its relations with several Third World countries, suffering embarrassing setbacks as a result. Its intervention in Afghanistan and its subversive efforts elsewhere have angered and alienated many of these countries.

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-- Most Third World leaders now recognize that the United States is in a better position than the USSR to contribute to resolution of the disputes over the Palestinians and southern Africa.

-- The United States is a more successful model of economic development than the USSR, a contrast that has become more widely recognized as modern mass communications have exposed more people to the affluent US lifestyle.

-- There is widespread recognition that the United States is better able to provide the types of economic assistance, investment, and technology--agricultural as well as industrial--that are most likely to raise standards of living and sustain economic growth in developing countries. The USSR's economic problems, meanwhile, restrict its ability to make costly new commitments in support of its clients.

-- The United States and its Western associates control the World Bank and the International Monetary Fund, whose resources are of major importance to Third World development.

-- There is a widespread recognition that the command economy doesn't work, a widespread preference for the individual freedoms found in the United States, and a general recognition--despite Third World rhetoric to the contrary--of their relative absence in Soviet society.

But we should--and we can--do more. In a nutshell, we need to fully understand the political, economic, and social pressures under which already weak Third World countries operate. And we need to respond effectively to these pressures.

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For example, Third World economies are always fragile. It takes so little effort to destabilize them. Increasingly, Third World leaders are signaling a willingness to cast their lot with our side--or at least to cast off from their Soviet bloc moorings. In return they need to show their people why this sort of reorientation is beneficial. They need a quick pay-off--something they can point to as a sign of more to come. In this regard, we will need to do better in the quick provision of security assistance and economic aid--not just government aid but infusions of private enterprise capital, technical know-how, and Western presence.

We in the Intelligence Community are working to enhance our government's capacity to compete with the Soviets in the Third World. We are devoting more resources to Third World activities, including analysis of Third World trends and requirements. Our newly-created Instability and Insurgency Center is designed to provide timely warning of future Iran's, countries that are faltering, and that are coming under severe internal or outside pressure. Analyses of these countries' problems and immediate needs should help policymakers to respond quickly and effectively.

The nature of intelligence analysis has changed dramatically over the past decade. The 1950s and early 1960s were a time of great investment in developing encyclopedic knowledge about all countries. This effort was labor intensive and used up many resources. The Vietnam War and reduced budgets took resources away from this effort and today we lack of a basic encyclopedic data base in Third World countries. Today our analytic data bases run the gamut from narrow tightly focused collections of data that are maintained by a single analyst to enormous collections of data that are maintained and

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processed by entire divisions in very complex computer-based models. Unfortunately, mostly the former is true of the Third World data base. Happily we now have resources to correct this overtime.

As new issues arise and the analytic questions that must be addressed by the Intelligence Community become more complex, new data bases and models need to be developed by analysts, external contractors or institutions. We need your help and ideas on this.

Many of the collections of basic intelligence data on the Third World have not been maintained centrally since the National Intelligence Survey series was terminated about 10 years ago. We look to Automatic Information Systems to help us find, sort, and manage the data more efficiently and accurately, and to make it widely available throughout the Intelligence Community.

We see a clear need to develop two very different types of data bases: quantitative and descriptive. The quantitative data bases lend themselves to a centralized computer-based approach that can be merged and managed centrally. This data includes trade flows; demographic statistics; order-of-battle; economic data of all kinds; and polling results. Our other major need for basic data concerns descriptive intelligence such as studies of a country's banking, transportation, or shipping system. We will look to independent contractors to do some of this work where practical.

Those of you assigned to geographic panels are charged with an especially important task: to identify Third World countries of vital and moderate importance to the United States as targets of continuing high interest--and to provide a rationale for your selections. I understand you will also

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develop a general view on the problems, issues, and trends that are likely to affect US security in the next five to ten years in these Third World areas. You will get some important briefings over these two days. I look forward to your conclusions.

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